UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.109/2054/Add.1
19 June 1996

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH
REGARD TO THE IMPLEMENTATION OF THE
DECLARATION ON THE GRANTING OF
INDEPENDENCE TO COLONIAL COUNTRIES
AND PEOPLES

UNITED STATES VIRGIN ISLANDS

Working paper prepared by the Secretariat

Addendum

The present addendum contains an annex to the 1996 working paper on the United States Virgin Islands prepared by the Secretariat (A/AC.109/2054). The information contained in the addendum has been derived from information transmitted to the Secretary-General by the Government of the United States of America on 14 June 1996, under Article 73 e of the Charter of the United Nations, and is reproduced in photostatic form in the language of the original.

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Annex

Chapter 5

U.S. VIRGIN ISLANDS

5.1 THE UNITED STATES VIRGIN ISLANDS

The USVI is a United States territory with a locally-elected government. Residents born in the USVI are citizens of the United States and they elect a Governor, unicameral (15-member) Legislature, and Delegate to Congress. The USVI is an organized territory because Federal legislation - an organic act - has established the institutions of local government. It is an unincorporated territory because not all the provisions of the U.S. Constitution apply to the USVI. The territorial court system has jurisdiction for all local legal issues.

The USVI is located in the eastern Caribbean Sea, approximately 1,000 miles southeast of Miami and 45 miles east of Puerto Rico. The USVI is comprised of three main islands, St Croix, St. John, and St. Thomas, and many small cays and out islands. The capital, Charlotte Amalie, is located on St. Thomas. The estimated 1992 population of the 106,800 is based on a 4.9 percent increase from the 1990 census of 101,809.

5.2 Political Developments and Federal Relations

On January 2, 1995, the Honorable Roy Schneider was inaugurated governor of the USVI, while his running mate, Kenneth Mapp, became Lt. Governor. They campaigned as independents and were elected to their four-year terms in a special November 22, 1994 runoff election, defeating the Democratic Party candidates, then incumbent Lt. Gov. Derek M. Hodge, and Alfred O. Heath.

In the same runoff election, Victor O. Frazer, who also campaigned as an independent, defeated Democratic Party candidate Eileen Peterson, a former territorial judge, for the position of USVI Delegate to Congress. Frazer, serving a two-year term, is an independent in the House of Representatives.

The runoff contests were required because none of the candidates for these major offices had received the necessary majority of votes during the November 8 general election. In that vote, a majority of St. Croix voters approved casino gambling in a poll. That initiative was the basis of legislation that legalized casinos on St. Croix early in 1995.

A major issue in USVI-federal relations is the disposition of Water Island, a federally owned property off the south shore of St. Thomas. The 500-acre island is the fourth largest in the USVI. The December, 1992 expiration of a 40-year lease of the island has focused the Federal Government's efforts to dispose of the property. Congressionally mandated surveys have either

been completed or are underway. Decisions regarding final disposition are pending, awaiting the outcome of litigation between the master leaseholder and the DOI.

Political status is not a current issue in the USVI, although it was the subject of a vote two years ago. On October 11, 1993, a referendum was held to determine the islands' future political status. Of the 39,046 eligible voters, 10,732, or 27.5 percent of the electorate, voted. The options were statehood, incorporated territory, free association, independence, commonwealth, compact of federal relations, and status quo. The results were to be a basis for status discussions with the Federal Government. Of those who voted, 8,629 (80.4 percent) voted for Continued or Enhanced Territorial Status with the United States; 1,421 (13.2 percent) selected Complete Integration with the United States; while 525 (4.9 percent) chose "Removal of United States Sovereignty." Because a 50 percent plus one majority is required for a binding vote, the referendum left the status issue undecided.

5.3 Current Economic Conditions

The USVI government's revenue collections decreased 9% from FY 93, while operational expenditures decreased by 5% over the same period. The local government's revenues for FY 94 totaled $381.4 million compared to operating expenditures of $425.7 million, leaving an operational deficit of $44.3 million.

Governor Schneider has proposed legislation that would end deficit spending and require a balanced budget. The Governor has promised to send the Legislature another proposal to stimulate the economy and bring in additional revenues to pay off the Government's nearly $300 million in unpaid obligations.

Business activity experienced a downward turn in FY 94. Business gross receipts taxes collected in FY 94 decreased from $88.4 million (FY 93) to $79.2 million, a 10.3 percent decrease. Corporate taxes also decreased during the same period. Corporate taxes collected in FY 94 were $31.2 million compared to $33.8 million in FY 93. This suggests that corporate profits, in the aggregate, decreased in FY 94.

The downward trend in business activity has had an adverse impact on personal income. Individual income taxes collected in FY 94 were $191.8 million compared to $205.6 million in FY 93, which suggests that personal income, in the aggregate, decreased in FY 94. The revenue decline in 1994 followed a year of large increases in 1993. Much of the decline was attributable to specific problems on St. Croix, mentioned below. Federal grant funding (including OTIA grant awards) decreased from $101.4 million in FY 93 to $97.2 million in FY 94.

Tourism continues to be the major private sector industry and foundation of the USVI economy. During 1994, 1,920,900 visitors came to the USVI, down slightly from the 1,968,600 visitors in 1993. Tourist expenditures for 1994 totaled $918.5 million, up slightly from 1993. Cruise ship excursionists accounted for 1,242,900 of the total visitors to the USVI during 1994. Cruise

passengers spent approximately $271.3 million while in the islands. Average occupancy rates at accommodations averaged fifty seven and one half (57.5) percent during 1994, down three percent compared to the 1993 average. The 1994 occupancy rate was the lowest in thirteen years, primarily a reflection of St. Croix's continued problems in attracting overnight visitors. Legislation permitting casino gambling on St. Croix was approved in 1994. Governor Schneider has appointed a Casino Control Commission to implement the law.

Total tourism employment totaled 9,630 during 1994, down three percent compared to the 9.910 tourism jobs during 1993. However, employment in hotels increased by two percent to 4,290 jobs in 1994. The industry accounts for approximately twenty (20) percent of total employment for the USVI.

Government employment remains the largest single source of jobs. The local government accounted for 12,080 of the 44,230 wage and salary jobs as of September 30, 1994. Total civilian employment as of September 30, 1994 was 47,230, down two percent from the 1993 total. Overall unemployment registered 5.6 percent during 1994, up two percentage points compared to the previous year. The St. Croix unemployment rate for 1994 was nine percent, an increase of four percentage points relative to 1993. St. Thomas/St. John unemployment was 2.6 percent during 1994, up by three-tenths of a percentage point from 1993.

The catalytic cracker at the Hess Oil Refinery in St. Croix has been operational since the fall of 1993 and employs some 300 workers. Cessation of operations at the Virgin Islands Alumina Corporation (VIALCO) began late in 1994, with the phase-down completed in March of 1995. The plant will be kept in "warm" status until a decision is made to possibly restart the plant in late 1995. The VIALCO plant employed 450 workers according to estimates provided by the company. By March of 1995 only 60 jobs remained. Peak plant employment accounted for 2.1 percent of all St. Croix jobs. When the 390 workers were laid off, St. Croix's unemployment rate increased to 10.3 percent.

VIALCO paid out a total of $17.4 million in wages during 1993. Annual wages per employee, averaging $36,743 in 1993 are nearly 70 percent higher than the territorial average and 85 percent higher than the territory's private sector average.

5.4 Government Administration

The USVI government continues to experience a budget shortfall. The operating budget deficit for FY 1994 was $44.7 million.

Although the government has made some progress in its financial management capabilities, it has not yet advanced to the point where its general ledger accounts can be audited. This lack of accurate, up-to-date financial information is a major contributing factor to the government's management problems. Independent GVI agencies, such as the Port Authority and the Water and Power Authority (WAPA), are able to produce annual financial reports and received audit opinions.

5.5 Infrastructure

Water System

Because of low annual rainfall, water conservation is of critical concern and requires constant attention. Water is obtained by three systems: catchments with cisterns, saltwater conversion, and wells. The WAPA is responsible for the desalinization plants and distribution system. Production costs for saltwater conversion are significant, consequently system integrity and the efficiency of the meter operations are of paramount importance.

Water distribution rehabilitation and replacement projects are in progress as part of a $20 million water program on St. Thomas and St. Croix. The DOI has contributed $8.7 million in capital improvement grants since 1987 for water distribution improvements.

Saint Thomas

A significant portion of the population rely on roof catchments and water cisterns for potable water. When rainfall is scant or cistern capacity is small, trucks obtain water from the WAPA or wells and haul it to the desired location. The demand on the WAPA distribution system ranged between 3.0 to 3.5 MGD and supplies the town of Charlotte Amalie and the east end of the island. Expansion of the water production facilities was completed on St. Thomas during 1992 with the addition of 1.4 MGD to the system.

Desalinization produces 4.45 MGD using sea water and waste heat from the electric power plant for the conversion. The distribution system consists of 2,300 metered connections on fifty (50) miles of water mains. The lines have six (6) booster pump stations and approximate storage capacity of 50 MG. Funding has been provided for plant expansion through the issuance of water bonds.

The old saltwater flushing system used by the town of Charlotte Amalie has seriously deteriorated. This has resulted in electrolysis along the potable water lines, causing disintegration of the pipes. According to the recent "*Water Loss Reduction Program Study*" the 65 percent system loss in 1988 has been reduced to about 45 percent with system leakage identified as being accountable for 90 percent of actual loss. Due to the corrosive nature of the soils on St. Thomas, all piping systems are being replaced with Poly Vinyl Chloride (PVC) material.

Saint John

A recently completed desalination plant provides 155,000 GPD and eliminates the past practice of barging half of St. John's water supply from St. Thomas. An elevated storage reservoir with an attendant pump station complement this new facility by providing increased service potential. Water service has been provided to the residents of Coral Bay.

Saint Croix

Groundwater and desalinization are the main potable water sources on St. Croix. The daily water demand is between 2.5 and 3.2 MGD; production is 3.65 . 1GD with about .5 MGD coming from groundwater. The distribution system has 70 miles of mains, six primary booster pump stations, and 18 million gallons of storage capacity (CH2M Hill, Master Plan Study, 1987). Production facilities have recently been completed on St. Croix, adding .55 MGD to the system. St. Croix's system losses about 30 percent of the water it carries.

Waste Water System

All three islands have wastewater treatment plants (WWTPs) and sewage collection systems. The extent of the systems vary by island. Many private residences and hotels have their own disposal systems which are not connected to the public system. The former use individual septic systems, while the latter use small private treatment plants. All of the WWTPs discharge effluent to either an inland stream or the ocean. The towns of Charlotte Amalie on St. Thomas and Christiansted on St. Croix use saltwater sewage flushing systems as a potable water conservation measure. The Department of Public Works (DPW) is responsible for operations and maintenance of the public sewer systems on all three islands.

The USVI government recently negotiated an Amended Consent Decree with the EPA including all wastewater treatment facilities and associated pump and lift stations and sewer lines. Major operational improvements are in progress or completed at several existing facilities. A sewer line rehabilitation program has been developed with preliminary cost estimates.

St. Thomas

Most of the private residences on St. Thomas rely on individual septic systems. There are eight sewage treatment facilities on St. Thomas, seven secondary WWTPs, and an anaerobic pond at the airport. The plants do not always attain secondary treatment discharge requirements. The Nadir plant is also treating effluent from the Bovoni plant.

The U.S. EPA awarded a grant for the construction of a regional Waste Water Treatment Plant (WWTP) at the solid waste landfill site which is located on the eastern end of the island. When built, it will initially eliminate five existing plants, and later, the plant at Vessup Bay.

The DPW had been operating an aerated lagoon with better than primary treatment capacity; however, long sewer detention times and low oxygen levels result in occasional odor problems which severely impact on airport operations and tourism. A new site and treatment facility to replace this lagoon is proposed at Red Point Peninsular, south of the airport. Funding has not yet been identified.

Sewer Line rehabilitation and replacement are estimated to cost $17 million including preparatory cleaning and inspection.

St. John

The principal plant at Cruz Bay exceeds its design capacity of 20,000 GPD. The effluent is discharged to an interior saltwater pond and does not meet TPDES primary standards. Design for a new 210,000 GPD plant and for a new 2,750 feet long outflow line is complete.

The outflow contractor has been issued a notice to proceed and the WWTF invitations for bids will be re-advertised.

St. Croix

This island has a single WWTP constructed to primary TPDES standards with a capacity of 4 0 MGD. The present flow to the plant is 2.5 MGD. This plant primarily serves the communities of Christiansted and Frederiksted. The treatment plant has an 8,000 foot ocean outfall.

The sewage collection system consists of eighty seven (87) miles of gravity and force mains with three (3) major sewage lift stations and twelve (12) feeder pump stations. The majority of the system is concrete which is subject to deterioration from hydrogen sulfide gas, which produces sulfuric acid. Because of the long detention time for flows arriving at the WWTP, hydrogen sulfide is sometimes generated from the aged condition of the sewage. This condition has deteriorated the sewer mains to the point of repeated collapse and failure, which frequently requires raw sewage bypass during repairs to mitigate public health hazards and protect the environment.

Sewer line rehabilitation and replacement estimated cost is thirty (30) million, including preparatory cleaning and inspection.

Solid Waste Disposal

The solid waste operations - collection and disposal - on all three islands are under the direction of the Department of Public Works. Additionally, litter enforcement and training are provided by DPW. Solid waste collection is a combination of curbside collection and roadside garbage bins. Improvements to the collection system include construction of convenience centers which will include redemption centers.

Solid waste collected is disposed of via landfill. Land limitations may adversely affect this method of disposal. Presently, planning studies and cost analysis are being performed to establish the most efficient collection and disposal system and their associated costs. The establishment of tipping fees will be recommended with proposed rate structures.

The landfill on St. John is closed and a transfer station , which is used to transfer sold waste to St. Thomas, has been in operation for over two (2) years. Bulk waste and junked vehicles are removed regularly by barge. Final closure plan has been submitted to the Department of Planning and Natural Resources and EPA for approval.

Recycling programs have been established through redemption centers funded through the Anti-litter and Beautification Commission fund. DPW has recently recommended a program entitled "Management Plans for Scrap Metal (junk vehicles) and used oil. Also, compacting facilities were also proposed, but funding could not be identified. Diverting components of the waste stream that make up significant percentages will maximize the remaining useful life of the landfills and reduce the financial burden for collection and transportation.

Power Generation and Distribution

The System

The WAPA serves approximately 47,000 electricity customers on the island of St. Thomas, St. John, Water Island, Hassel Island, and the Island of St. Croix. Major generating facilities are located on St. Thomas and St. Croix, while a standby facility is located on the Island of St. John. Transmission and distribution of power is typically 13,800 volts, 3 phase, 60 Hertz throughout the islands. Billing, collecting and providing customer service are the additional functions carried out by the WAPA organization. WAPA has been commended by the Operations Maintenance and Improvement Program (OMIP) program for its strong management and dedication of its personnel.

St. Thomas

The Krum Bay generating plant has a combination of four (4) combustion gas turbines and two (2) conventional steam turbine-generators. Total output is approximately 450 million kilowatt-hours (MKWH) annually with a total of 123 million watts (MW) of installed capacity. The demand for power is increasing steadily. Preparations are presently underway for the installation of a new thirty-six (36) MW unit in an attempt to keep up with the demand.

Power distribution is by a combination of overhead and underground high-voltage feeders. Typically these operate at 13,800 volts; however, a 34,500 volt feeder is in service to a major substation overlooking the harbor area. Sub-feeders extend to major load centers on the east end of the island and also to a cable termination structure which feeds St. John Island via a submarine cable. Construction is almost completed on a thirty-four (34) KV substation on the east end of St. Thomas.

St. John

St. John has a demand of approximately 7 MW and is served by two (2) submarine cables, each rated at 7 MW. A standby diesel-electric generator, rated 2.5 MW, is maintained for use in emergency situations. Management, generation, maintenance, and distribution functions are handled by the St. Thomas staff. Plans have been completed and funding has been requested for the installation of a 34 KV to 18.8.KV substation on St. John which will allow operation of the cable at 34KV.

St. Croix

Power production at the Richmond Plant consists of two (2) steam turbine generators, four (4) combustion turbine-generators. In total, these have the capacity to generate 115 MW.

Seaports

The Virgin Islands Port Authority (VIPA), a semi-autonomous governmental agency, owns, operates and maintains six (6) seaports and two (2) airports in the territory.

St. Thomas

Crown Bay, St. Thomas

At the Port Authority publicly owned Crown Bay Marina Port in the Sub Base section of St. Thomas, cruise ships have been arriving at the three (3) berth facility in ever increasing numbers. Cargo ships are now utilizing the 900 foot cargo bulkhead. A Federally funded Economic Development and Agriculture project to pave the roadway, install lighting and a drainage system, has been completed. Little Switzerland built the first warehouse at the Port of Crown Bay to be used as their main Caribbean warehouse facility, and Barbel Enterprises has completed a second warehouse facility. Future phases of the project include additional warehousing and a commercial center that will provide a mixture of tourist and local oriented shops and restaurants.

Charlotte Amalie Harbor, St. Thomas

Located on the Waterfront of Charlotte Amalie, St. Thomas is the site of the newly constructed Virgin Islands Port Authority "Edward Wilmoth Blyden IV Marine Facility" which serves as a crucial linkage for passengers travelling between the British and U.S. Virgin Islands. The facility was opened in May 1994 and houses the Port Authority's Marine Division, the Federal Inspection Services (Customs, Immigration and Naturalization), and a restaurant.

St. John

Cruz Bay, St. John

At Cruz Bay, St. John, the Virgin Islands Port Authority "Loredon Lorence Boynes Sr. Dock" was dedicated in May 1994. Named in honor of a native son, " Captain Boynes", the reconstructed thirty-five (35) foot dock can accommodate four (4) berths for ferry boats traveling to and from Red Hook and Charlotte Amalie Harbor, St. Thomas. Dinghy dock parking is available. The passenger terminal accommodates the port's dock master's office, a ferry service ticket sales booth and a seated passenger waiting area.

The Creek facility, adjacent to the Captain Boynes Dock, continues to be the main port for cargo traffic to St. John. Maintenance dredging of the Creek at the northeast corner of Cruz Bay, has been completed, providing a seven (7) foot depth draft for vessels utilizing the facility.

St. Croix

Fredericksted

The grand opening and dedication ceremony for the new Virgin Islands Port Authority "Ann E. Abramson Marine Facility" at Frederiksted, St. Croix was held on July 15, 1994. The facility can accommodate two (2) large cruise ships and two (2) mini cruise ships simultaneously, with a draft of twenty (20) to fifty (50) feet. The facility also accommodates naval vessels, limited cargo operations and local pleasure vessels. Since the opening of this facility, St. Croix has seen a thirty (30) percent increase in cruise ship port of call over 1989 when the facility was destroyed by Hurricane Hugo.

Christiansted

Located on the eastern end of the island of St. Croix, at the Gallows Bay Port in Christiansted, the Schooner Channel is being utilized by mini cruise ships such as the Renaissance III. The channel was deepened and widened to facilitate mini cruise ships as well as other recreational cargo vessels. The control depth for the channel is sixteen and one half (16.5) feet.

Container Port, South Shore

The Krause Lagoon, adjacent to the Port Authority Container Port on the southern shore of St. Croix, accommodates tanker vessels bringing in molasses to the Virgin Islands Rum Distillery, a major source of revenue to the Virgin Islands Government.

Plans have been prepared for the development of a new molasses tanker pier on the south shore of St. Croix. This facility will accommodate molasses and other bulk material.

Airports

St. Thomas

The construction of the Cyril E. King Airport Terminal was completed and opened in October 1990. The new 7,000 foot runway and parallel taxi was commissioned in December 1992. With the extension of the runway and parallel taxiway to 7,000 feet, the system has been classified within the rank of the Federal Aviation Administration (FAA) as a "safe runway". The increased runway length can now accommodate direct jet service from the continental United States.

twenty-year master plan for this facility has been completed. Work on the general aviation
on and construction of a major storm drain has been completed.

Croix

focus of the Virgin Islands Port Authority has shifted to the Alexander Hamilton Airport
St. Croix, where design plans are underway for the renovation and expansion of the terminal
lity to serve beyond the year 2010. The current airport runway and parallel taxiway are
00 feet and are in excellent condition. An independent lounge for cruise line passengers is
uded in the design plans.

lic Buildings

ools

of December 9, 1994, a total of 29,730 students attended USVI public (22,126) and private
04) schools. The government's Department of Education administers 32 schools. Sixteen
on St. Thomas, fourteen are on St. Croix, and two are on St. John.

eral maintenance of the physical facilities is poor and vandalism is a constant problem. The
artment of Education reports that improvements have been made to school roofs and
nage systems. The OMIP program notes that an effective program of preventive
ntenance has not been implemented, and continues to recommend (for the past four years)
development and implementation of a Operations and Maintenance Master Plan for the
artment of Education.

dical Facilities

St. Thomas and St. Croix Hospitals were built in the early 1980's and opened to the public
982. The St. Thomas Hospital was intended to be a full-service medical center with a 250-
capacity. The St. Croix Hospital opened at the same time and is of equal capacity. The
Croix Hospital was closed by the heavy damage inflicted by Hurricane Hugo, and a
porary modular hospital was constructed nearby. The Department of Health and the hospitals
St. Thomas and St. Croix are now all operated as separate entities with separate staffs.

FY 91 and FY 92, the Federal Government appropriated $15.2 million and $15.3 million,
pectively, to improve health care facilities. These funds coupled with payments from FEMA
local funds are being used to restore existing facilities and fund new construction.

se one and two of the St. Thomas Hospital Renovation Project are completed. This includes
jor repairs to the facilities roof and extensive interior renovations. Phase three and four, the
inerator/stand by generator and the air conditioner chiller replacement are not yet completed.
se three is approximately sixty five percent completed.

The Juan F. Luis Hospital and Medical Center (formerly the St. Croix Community Hospital) was rededicated on October 28, 1994. The construction cost of this project totaled $18 million. Work performed included roof repairs, asbestos abatement, demolition and extensive interior and exterior renovations.

The Eldra L.M. Schulterbrandt Community Health Center; a rehabilitation facility for the psychologically unbalanced, was dedicated on October 26, 1994. The construction cost of this project was approximately $800,000. Construction of the $4.7 million Ingeborg Nesbitt Clinic/Urgency Center in Fredericksted, St. Croix is approximately ninety nine (99) percent complete. The Myra Keating Clinic on St. John is open and operational.
The construction cost of this project was $4.2 million.

Correctional Facilities

Juvenile Facility

The USVI government has issued a Request for Proposal (RFP) - A/E - for a Youth Rehabilitation Center at Anna's Hope, St. Croix. This $1.5 million facility, will house 40 pre and post trail juveniles. Construction activity is projected to commence in July of 1995.

University Facilities

The University of the Virgin Islands has awarded a professional contract for the architectural/engineering design of its Sports and Fitness Center. The University anticipates that construction activity on this $5.3 million project will commence in September of 1995.